2002 Annual Report

Property Assessment Appeal Board

BRITISH COLUMBIA

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The Honourable Stan Hagen
Minister of Sustainable Resource Management
Parliament Buildings
Victoria, British Columbia
V8W 9E2

Dear Minister:

It is my pleasure to present the Annual Report of the Property Assessment Appeal Board for the year ending December 31, 2002, in compliance with section 49 of the Assessment Act.

Cheryl Vickers
Chair, Property Assessment Appeal Board

BRITISH COLUMBIA

Property Assessment Appeal Board

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Board Profile

The Property Assessment Appeal Board is a quasi-judicial administrative tribunal established under the Assessment Act to resolve appeals on property assessments. The Board is the second level of appeal, hearing appeals from the Property Assessment Review Panels.

The Board's mandate in an appeal is to ensure that property assessments are accurate and at actual value, applied in a consistent manner in the municipality or rural area. An effective appeal system is critical to maintain confidence in the accuracy and integrity of the assessment roll.

The Board's objectives are:

- To resolve appeals justly and consistently, in accordance with the principles of procedural fairness and natural justice.
- To process appeals as quickly as possible, at minimum cost to all parties.
- To enhance the parties' and the public's confidence in the assessment appeal system.

Appeals are filed with the Board by April 30 following the completion of the assessment roll.

The Board is independent from government, the Property Assessment Review Panels and BC Assessment. In 2002, the organization had a full-time Chair, three full-time Vice Chairs (one of whom was on leave for 6 months of the year), 11 part-time members, and a Registrar. The Chair resigned from the Board in May of 2002. The position was filled in an Acting capacity by one of the Vice Chairs. A list of the Board members and biographical notes are included in Appendices 1 and 2.

An explanation of how the Board does its job is detailed in Appendix 3, and a glossary of terms used in this report is detailed in Appendix 4.

Report on Performance

Key Strategies

In 2002, the Board adopted the following strategies to maintain and enhance the appeal system:

- Refined case management techniques to resolve appeals as soon as possible;
- Customized alternative dispute resolution techniques to the particular needs of different types of appeals in order to resolve as many appeals as possible without a hearing;
- Managed the pre-hearing processes, including the disclosure and exchange of documents, to ensure hearings proceed in a fair and efficient manner;
- Issued timely, clear and well-reasoned written decisions after hearings;
- Engaged stakeholders to develop approaches towards a more cost effective and efficient appeal system.

Results

The Board established the following performance targets to be achieved by December 31, 2002:

1. To resolve at least 60% of the new 2002 appeals.
2. To resolve at least 85% of the 2001 appeals.
3. To reduce the number of outstanding pre-2001 appeals by 40%.

These targets were established in December 2001, prior to knowing the volume of 2002 appeals, which were filed in April 2002.

The Board resolved 56% of the 2002 appeals, 4% under its target of 60%. This performance was in the context of a 7% increase in the volume of 2002 appeals (versus 2001) and a significant increase (24%) in the number of properties appealed.

The Board resolved 87% of the 2001 appeals, exceeding its target by 2%. The Board was under target by less than 3% for resolving pre-2001 appeals. In examining resolution of all prior year appeals (2001 and earlier), the Board exceeded its target by 3% in terms of the number of outstanding appeals. The number of outstanding prior year appeals at December 31, 2002 was 374 versus a target of 386.

45% of the 5,094 properties appealed in 2002 were resolved leaving 2,779 properties outstanding at year-end. 32% of the properties under appeal for years 2001 and earlier were resolved over the last year, leaving 3,332 properties outstanding at year-end.

2002 Results Compared with Previous Years

Completion results for 2002 were very similar to 2001 and improved over 2000. Some indicators are illustrated in the following table:

Activity	2002	2001	2000
Appeals completed during the year	1,038	1,047	791
Direct costs per completed appeal[1]	$819	$816	$1,047
# and % of appeals resolved without a hearing	876 (84%)	931 (89%)	682 (86%)
Average time for a decision (from hearing)	48 days	48 days	56 days

Note:

1. Direct costs vary with appeal volume therefore this can only be considered a rough indicator of efficiency and cost effectiveness.

The number of completed appeals in 2002 was in the same magnitude as in 2001. The Board had particular success in resolving some of the older appeals, reducing the 1999 and earlier appeals by over 23% in the last 12 months. This has effectively reduced the age of all previous year appeals from an average appeal age of 3 years as at December 31, 2001 to 2.23 years as at December 31, 2002.

The above results support the continued application of alternative dispute resolution techniques which allows for the resolution of the majority of appeals (in excess of 80%) without the need for hearing. This approach assists in meeting the objective of minimizing appeal costs for all parties.

Figure 1, on the next page, illustrates an increase in the number of hearings. This may have been caused by a number of factors including:

- an increasing portion of the older appeals being resolved. Older appeals often require a hearing as they are commonly more complex.
- decreased Board staff resources available in 2002 for alternative dispute resolution initiatives caused by the resignation of the Board's former Chair and temporary leave of one of the Vice-Chairs.
- an increase in the number of appeals filed in 2002.

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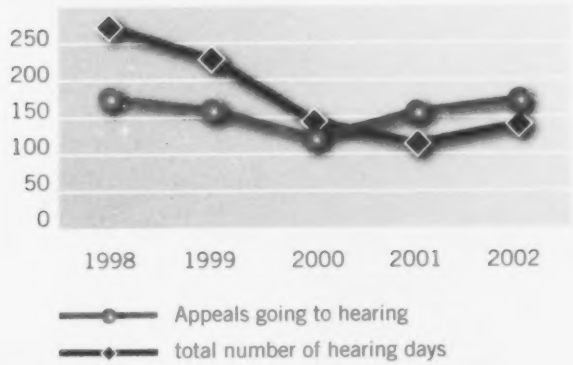
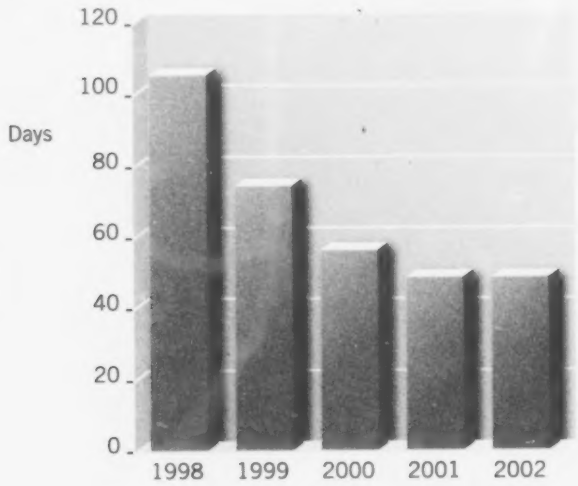
- decreased Board staff resources available in 2002 for alternative dispute resolution initiatives caused by the resignation of the Board's former Chair and temporary leave of one of the Vice-Chairs.
- an increase in the number of appeals filed in 2002.

Figure 1 – Hearing Statistics



The Board continued to issue written decisions in a timely manner as illustrated below.

Figure 2 – Average Number of Days From Hearing to Decision



The Board significantly increased the portion of hearings that were conducted by a single Board member (versus being panelled by multiple members). This portion increased to 85% in 2002, up from 53 to 62% over the past 3 years. The Board strives to minimize the number of members sitting on a hearing in an effort to reduce the associated hearing costs. The Board must, however, use more than one member for more complex appeals and to train new members.

Analysis of Outstanding Appeals

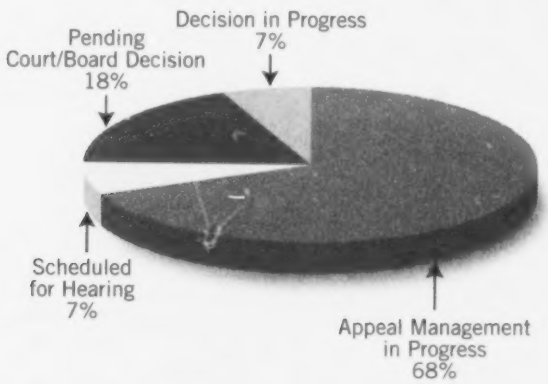
The volume of newly filed appeals increased in 2002 by 7% compared to the previous year. Of particular note, there was an increase in the number of appeals from recreation properties, especially waterfront properties and freshwater fishing resorts. A high volume of appeals was also filed on the classification of strata hotels in Whistler, Richmond and Vancouver.

876 appeals were outstanding as of December 31, 2002. Given the success in resolving older appeals, less than half (43%) of the outstanding appeals are from years prior to 2002.

As outlined in Figure 3, the majority of the outstanding appeals (68%) are under active case management. The Board is working with the parties to identify the specific areas of disagreement and to resolve as many of the issues as possible through mutual agreement. When it becomes evident that further discussion will not result in resolution, a hearing is scheduled for the appeal. As of December 31, hearings had been scheduled for 7% of the outstanding appeals.

18% of the outstanding appeals were being held in abeyance, pending the outcome of other cases before the Courts or the Board.

Figure 3 – Outstanding Appeals by Status as at December 31, 2002



The number of rolls under appeal increased from 4,896 at December 31, 2001 to 6,111 at December 31, 2002. This increase was primarily due to the increased number of properties appealed in 2002 (up by 24% over the previous year).

The total assessed dollar value of the properties under appeal as of December 31, 2002 was $14.4 billion, up by $489 million from last year. This increase was due to the $9.1 billion in property value that was appealed in 2002.

The number of appeals is fairly evenly distributed across the Province as illustrated in Figure 4. The majority of assessed value under appeal is in the Business and Other classification as illustrated in Figure 5. The vast majority of residential appeals are completed by the end of each year.

Figure 4 – Outstanding Appeals by Region

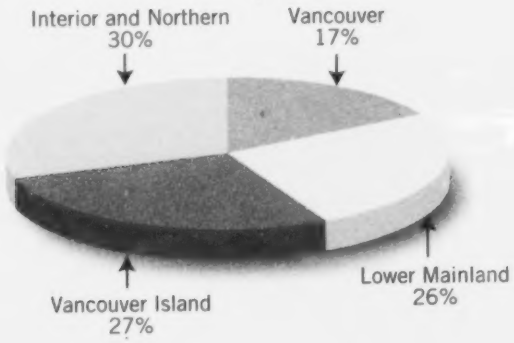
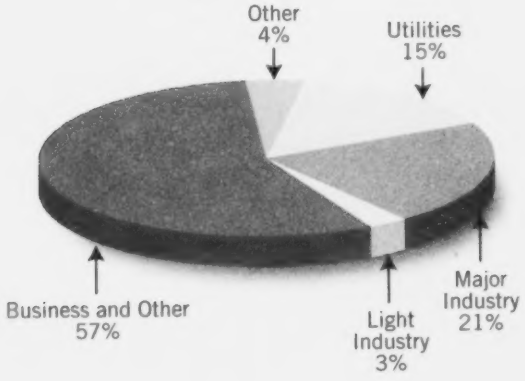


Figure 5 – Assessed Value by Classification



More detailed statistics are provided in Appendices 5 to 10.

Appeals to the Courts

Board decisions can be appealed on a question of law to the B.C. Supreme Court. The Board files the appeal (called a stated case) with the Supreme Court if a request is made from a party within 21 days from receiving the decision. Supreme Court decisions may be appealed to the B.C. Court of Appeal with leave.

At the beginning of 2002, six stated cases from previous years were still outstanding before the B.C. Supreme Court. In 2002, 10 new stated cases were filed. The Board's decision was confirmed by the Supreme Court on 7 appeals and referred back to the Board on one appeal. At year-end, eight stated cases were still before the B.C. Supreme Court.

At the beginning of 2002, 11 leave applications were outstanding from previous years. During 2002, one new leave application was filed. The Court of Appeal granted 10 of these applications, denied one and one leave application has not been heard. The Court of Appeal confirmed the Board's decision on three cases and referred two back to the Board.

Responses to Challenges in 2002

1. **How to deal with increased appeal volume:**

   The increase in the number of appeals and properties in 2002 posed an administrative challenge in registering the appeals during April and May. Systems investments made early in 2002 vastly improved administrative efficiencies and allowed the Board to complete registration within 3 weeks, the same timeframe as the previous year.

2. **How to commence resolution discussions as early as possible in the appeal year:**

   Given an April 30th appeal deadline, each year the Board is faced with the challenge of registering a high volume of appeals, notifying the parties involved and initiating discussions with as many appeals as possible before some of the parties lose staff to summer holidays.

   The Board implemented e-business solutions to accelerate this process. Instead of sending out notifications via mail in a batch at the conclusion of registration, Assessors were notified of appeals via email as appeals were registered. This enabled the parties to commence resolution discussions up to 3 weeks earlier than in previous years. Earlier discussions allowed the Board to complete more of the newly filed appeals during the first quarter (up by 27% and over 100% compared to completions in the first quarters of 2001 and 2000, respectively).

3. **How to balance the goals of efficiency with maintaining full appeal rights:**

   Each year the Board receives separate appeals for properties with similar locations, characteristics and appeal issues. For efficiency and cost-effectiveness, the Board may consolidate the appeals for appeal management and hearings. The Board, however, considers the parties' rights to be heard and ensures that any unique factors of each case are considered in the final decision.

   The methods used with properties in Vancouver's Chinatown illustrates this approach:

   > The Board received 131 appeals for 160 properties covering three years of assessment (2000, 2001 and 2002). The Board held two hearings covering 6 properties, which were generally representative of all the properties under appeal in Chinatown. While the other appeals were not bound by these two decisions the Board conducted a number of appeal management conferences and in-person settlement conferences which ultimately resulted in the resolution of all the remaining appeals – without the need for further hearings.

4. How to improve the cost efficiency of the appeal system:

In 2002, the Board adopted a new approach to agent-filed appeals, by increasing requirements for BC Assessment and the agents to "self-manage" their appeals. The parties were required to discuss the appeal issues, exchange documents and attempt resolution without significant Board involvement. This freed up Board resources to concentrate on other appeals and provided more flexibility for the parties to seek resolution without the need for a hearing. Many of the agent-filed appeals are more complex and traditionally are not resolved until towards the end of the year or the first quarter of the following year. It is, therefore, too early to evaluate the success of this approach. Board involvement is, however, still required to monitor progress and set appropriate deadlines.

Other Activities

Forum on Appeal Management Practices

The Board held a forum with members of the Canadian Property Tax Association (CPTA) and BC Assessment in April 2002 to discuss approaches to improve efficiency and minimize the collective costs of the appeal system to taxpayers, BC Assessment and the Board. Round table discussions covered ways to improve the appeal resolution steps (such as pre-hearing Appeal Management Conferences and Settlement Conferences). As a result of this forum, the Board adopted a number of recommendations in 2002, including:

1. Disclosure of Documents: In May 2002, the Board communicated to the agents and Assessors standard expectations on what information should be exchanged in the initial stages of an appeal. This approach was implemented to speed up the exchange of information and make the appeal process more efficient and cost effective (by avoiding the need for as many Appeal Management Conferences that were previously required for the Board to issue rulings on document requests);
2. Self-Management: as discussed, above, under Responses to Challenges in 2002, the Board implemented more "self management" for suitable agent-filed appeals.

The forum participants called for the Board to continue with its case management practices including the use of Appeal Management and Settlement Conferences. The participants, generally, supported the current flexible approach as opposed to mandating the use of these techniques to all appeals.

Other Initiatives

The Board designed a new electronic system for filing appeals. Appeals can be submitted via the Board's website with an option to pay fees via credit card. This service will be launched in April 2003 for the filing of 2003 appeals. The main goal is to improve customer service and increase access to the appeal system through e-business solutions.

The Board has consulted with the Ministry of Sustainable Resource Management on possible changes to the appeal system in response to the government-wide Core Services Review. While government will determine which changes should be made, the Board can play a consultative roll in any restructuring decisions by identifying some of the possible effects of proposals on the effectiveness of the appeal system. Decisions on what changes will take place are not expected until sometime in 2003.

Board Finances

The budget is fully recovered as part of the property tax levy applied by BC Assessment on assessed properties. The Board reduces its budget requirements by applying a $30.00 fee for each property assessment roll that is appealed.

The Board prepares an annual operating plan and monitors and reports on performance in the following ways:

- submits quarterly operational reports to the Minister of Sustainable Resource Management;
- reviews expenditures and completes forecasts on a monthly basis;
- posts quarterly and annual appeal statistics on its Website, for review by stakeholders and the public; and
- publishes an annual report.

The budget is approved on an annual basis for April 1 to March 31. During the year, government reduced the 2002/2003 budget by $200,000. As of December 31, 2002 the Board forecasts that it will be able to manage within this reduced budget limit.

Figure 6 shows the budget and estimated expenditures for 2002/2003 compared with the past five fiscal years.

Figure 6 – Budgeted Expenditures v. Actual - by Fiscal Year

Fiscal Year	Budget	Actual	Under/(Over)	%
2002/03[1]	$1,261,000	$1,183,000	$78,000	6%
2001/02	$1,432,000	$1,120,812	$311,188	22%
2000/01	$1,418,082	$1,092,714	$325,368	23%
1999/00	$1,502,284	$1,410,792	$91,492	6%
1998/99[2]	$1,402,284	$1,777,431	($375,147)	(27%)
1997/98	$1,392,700	$1,648,235	($255,535)	(18%)

Notes:

1. Expenditures for fiscal year 2002/03 are forecasted based on actual expenditures to Dec. 31, 2002.
2. Includes capital expenditures for a computer based appeal management system (authorized by Treasury Board).

A further breakdown of expenditures is provided in Appendix 11 including comparisons to the previous 5 years. The average cost per appeal completed in 2002 was just over $1,000, $800 of which is comprised of direct costs (salaries, Board Member fees and expenses, and hearing facility costs). These figures are approximately the same as in 2001 and are sensitive to changes from year to year in appeal volume.

The majority of costs are for managing and resolving appeals, including appeal registration, alternative dispute resolution and hearings. The Board has reduced costs by resolving more appeals without a hearing, making greater use of single person instead of multi-person hearing panels, and implementing e-business and office automation solutions.

Looking Forward

Challenges for 2003

The Board will face many of the same challenges in 2003 as experienced in previous years, including:

- To respond promptly, effectively and efficiently to the new appeals filed in 2003;
- To work with the parties to move outstanding appeals to an appropriate resolution in a cost effective manner;
- To resolve appeals which can be concluded following Court decisions. These appeals were formally held in abeyance pending Court action;
- To enhance the expertise and experience of the Board members, ensuring a trained, professional Board;
- To continue to improve the Board's response time and efficiency.

From preliminary estimates in January 2003, there has been an increase in the number of appeals filed with the Property Assessment Review Panels. If this activity flows through to the second level of appeal, the Board will face an increase in the number of appeals over previous years. In today's business environment with restrictions on the resources of the parties, the Board must find the right balance between the goal to seek early resolution of appeals and the interest of all parties to deal with appeals in a cost effective manner (usually through the application of alternative dispute resolution techniques). The Board must, therefore, carefully weigh the options and tools available and applicable to the appeals at hand.

Eight new part-time members were appointed to the Board in January 2003. These members must be oriented and receive training in order to become productive members, fully able to handle the variety of appeals in 2003.

Targets for 2003

Targets for appeal resolution will be set after the April 30, 2003 appeal deadline. At that time, the volume and complexity of the 2003 appeals can be assessed and appropriate priorities and targets set for the resolution of 2003 and prior year appeals.

Other performance targets have already been set for 2003, including:

1. To conduct at least one Appeal Management Conference for 80% of appeals. The goal of Appeal Management Conferences is to seek resolution without the need for a hearing, or if a hearing is required, ensure it proceeds as efficiently as possible.

2. To complete registration and acknowledgement of the 2003 appeals by May 30, 2003. This allows all the parties to be aware of the appeal and to commence discussions before the summer holiday season commences.
3. To issue at least 85% of written decisions within 90 days from the hearing.
4. To conduct 90% of the hearings in the local assessment area. This provides local access to the appeal system and is usually most cost effective for the parties. Some hearings may be conducted outside the assessment area if it is more practical and cost effective to all the parties, including the Board.

The Board will continue to use alternative dispute resolution processes in an effort to complete as many appeals as possible without a hearing. The effectiveness and appropriateness of these techniques is often dependent on the issues in an appeal. Sometimes a hearing is the most efficient and effective way to resolve an appeal. The Board must at all times, however, ensure that the appeals are resolved in accordance with the principles of natural justice. For these reasons, it is not appropriate to set targets for the number of appeals to be resolved without a hearing.

APPENDIX 1

Board Members as of December 31, 2002

Chair

Cheryl Vickers, Vancouver

Vice Chairs

Robert Fraser, Victoria

Simmi K. Sandhu, Delta

Part-time Members

Rosemary Barnes, Coquitlam

Paula Barnsley, Kamloops

Louis Chan, Vancouver

Patrick Conroy, Cranbrook

Lawrence Davies, Kamloops

Fred Lee, North Vancouver

Roderick MacDonald, Tofino

Shiela Toth, Oliver

Wes Umphrey, Victoria

Candace Watson, Vancouver

Rick Watson, Delta

APPENDIX 2

Biographical Information on Board Members

Cheryl Vickers

Appointed in January 2003 as Chair, Ms. Vickers served the Board as Vice-Chair since 1995 and as a part-time Board member from 1993 to 1995. She is a lawyer and formerly practised in a variety of fields, including administrative law. Ms. Vickers was active in the development of the British Columbia Council of Administrative Tribunals (BCCAT), is a member of their Board of Directors, and served as Secretary from 1996 to 1998. She assisted in curriculum development and instructs a number of BCCAT courses training appointees of quasi-judicial boards and tribunals.

Rob Fraser

Active in the real estate industry for many years, Mr. Fraser has been a sales person, agent/manager, owner, local board president, provincial association president, and chair of a real estate related insurance company. In addition to his extensive experience and training in real property valuation, Mr. Fraser also has expertise and training in conflict resolution, mediation, arbitration, and negotiation. He has a BA, an MA and did doctoral studies specializing in micro-demographic models. A part-time member of the Board since 1992, Mr. Fraser was appointed as a full-time Vice Chair in 1998.

Simmi Sandhu

Appointed as a Vice Chair in 2001, Ms. Sandhu is a lawyer, called to the BC Bar in 1990. Her areas of practice included corporate/commercial law and real estate transactions. In addition, she brings to the Board extensive experience in quasi-judicial proceedings, having acted as a chair of the Board of Referees for over six years.

Rosemary Barnes

Ms. Barnes has been a licensed realtor since 1976. She has worked for Park Georgia Realty Ltd. for 18 years. Ms. Barnes obtained her real estate agent's license from the University of British Columbia in 1984.

Paula Barnsley

Ms. Barnsley is an associate lawyer with Cundari and Company in Kamloops. Ms. Barnsley holds a Masters of Law from the University of BC, a Bachelor of Law from Dalhousie University, and a Masters of Education from Memorial University in Newfoundland. She is a member of the Law Society of BC, the Law Society of New Brunswick and the Nova Scotia Barristers' Society.

Louis Chan

Mr. Chan presently is a real estate appraiser for the Canada Custom and Revenue Agency. He also worked as a Senior Appraisal Consultant for Colliers International Realty. Mr. Chan is member of the Accredited Appraiser Canadian Institute, the Real Estate Institute of BC and the Royal Bank Panel of Appraisers. He completed the Realty Appraisal Diploma Program from Vancouver Community College.

Patrick Conroy

With over 20 years experience as a real estate sales person, Mr. Conroy has a CRA designation from the Appraisal Institute of Canada and a Diploma in Urban Land Economics from the University of British Columbia. Mr. Conroy is a past president and a former director of the Kootenay Real Estate Board, a past director of the BC Real Estate Association and a past governor of the East Kootenay Community College. He has also been a member and chairman of a local Property Assessment Review Panel. Mr. Conroy was appointed to the Board in 2000.

Lawrence Davies

Mr. Davies has been a part-time Board member since 2000. He has also worked for Appraisals British Columbia and for the Ministry of Municipal Affairs. In 1996, Mr. Davies retired after 35 years with BC Assessment. He was certified from the Appraisal Institute of Canada.

Fred Lee

Mr. Lee owns a real estate appraisal company and has over forty years appraisal experience. He is an accredited appraiser with the Appraisal Institute of Canada, and a Fellow of the Real Estate Institute of Canada (F.R.I.). He is a member of the Professional Division of the Real Estate Institute of BC (R.I.B.C.) and a past Chairman, Vancouver Chapter, of the Appraisal Institute of Canada. Mr. Lee became a member of the Board in 2000.

Roderick MacDonald

Mr. MacDonald has a Bachelor of Law from the University of British Columbia and has a general law practice in Tofino. He served a term on the Central Saanich municipal council and on the Board of Variance. His general practice has encompassed, amoung other areas, real estate transactions, including subdivision and land development. Mr. MacDonald was formally appointed to the Property Assessment Appeal Board from 1985 to 1995 and was re-appointed in October 2002.

Shiela D. Toth

Ms. Toth presently works as a real estate appraiser for Vale Appraisals. She has ten years experience as an appraiser and specializes in farm, commercial and industrial properties. She has studied Advanced Decision Writing at the Justice Institute of BC and received an Honours Diploma in Industrial Engineering Technology from the Southern Alberta Institute of Technology.

Wes Umphrey

Mr. Umphrey is an accredited appraiser with the Appraisal Institute of Canada and is a professional member of the Real Estate Institute of British Columbia. He owns an appraisal and land management company that specializes in appraisals, land acquisitions and exchanges, and phase 1 environmental site assessments, and has been involved in the valuation of a wide variety of properties. Mr. Umphrey has training in administrative tribunal processes and has participated as a Board member on a number of major assessment appeals. He was appointed to the Board in 1996.

Candace Watson

Ms. Watson has considerable market and valuation experience, with more than 28 years experience in property valuation. She is an accredited appraiser with the Appraisal Institute of Canada, a Fellow in the Real Estate Institute of Canada, and a former governor of the Real Estate Institute of BC. Ms. Watson is also a member of the National Appeal Board of the Appraisal Institute of Canada. She owns an appraisal company and specializes in the analysis and valuation of investment properties. Ms. Watson was appointed to the Board in 1998.

W. F. (Rick) Watson

An independent mediator and arbitrator in private practice, Mr. Watson also has extensive experience in administrative tribunal procedure and practice. Mr. Watson is a member of the Health Care (Consent) and Care Facility (Admissions) Review Board and was formerly a member of the Arbitration Review Panel. Mr. Watson also is a Chair, Board of Referees, Employment Insurance Commission, and has been involved in numerous board and administrative tribunal hearings. Mr. Watson's appointment to the Board commenced in 2000.

APPENDIX 3

How the Board Does Its Job

The Initial Process

BC Assessment completes the assessment roll and mails the assessment notices to property holders by December 31 in the previous year. The properties are valued as of July 1 of the previous year, based on the physical condition and use as of October 31. For example, the 2002 roll was completed by December 31, 2001 with a valuation date of July 1, 2001 and a "state and condition" date of October 31, 2001.

If a person is dissatisfied with an assessment, a complaint must be filed to the local Property Assessment Review Panel no later than January 31. The Review Panel conducts hearings over a six week period, ending mid-March. Their Decision notices are mailed by April 7.

If a party is dissatisfied with the decision of the Review Panel, an appeal must be filed to the Board by April 30. The Board typically receives 1,000 to 1,500 appeals annually.

Appeals to the Board

Parties may appeal:

- the assessed value and/or classification of a property;
- the granting or withholding of an exemption to a property;
- an error or omission in the assessment roll respecting the name of a person or land or improvements; or
- the omission or refusal of the Property Assessment Review Panel to adjudicate a complaint made to it.

The Board is also the first level of appeal against the Assessment Commissioner's Rates and for appeals under the Forest Land Reserve Act.

Valuation appeals to the Board may involve single family residences and recreation properties, hotels, shopping centres, office towers, cement plants, and pulp mills, to name just a few.

The classification issues have varied significantly and included whether properties qualify for farm classification; whether strata units are entitled to residential classification; and the correct classification of manufacturing and transportation facilities.

Exemption appeals have included entitlement to the pollution abatement exemption and exemption for properties that are used for demonstrable benefit to all members of the community.

Commissioner Rate appeals have involved issues such as how fibre optic cables are valued.

As soon as an appeal is filed, the Board starts work. All appeals are processed as quickly as possible, to provide the earliest possible certainty of the assessment roll, for both property owners and local governments.

The Board's first step is to review each appeal to ensure that it has been filed within the deadline set by the ***Assessment Act***, the appropriate fee has been paid, and that the notice of appeal meets the statutory requirements. The next step is to assign the appeals for case management.

Appeal Management

Case management is primarily conducted through appeal management conferences (AMCs).

The main purpose of an AMC is to identify and resolve as many appeal issues as possible. This can result in the settlement or withdrawal of an appeal without a hearing, thereby contributing to quick and cost effective resolution. Even if case management does not resolve the appeal, the hearing will usually be shorter and more efficient.

An AMC may be held at the request of a party, but generally the Board takes the initiative to arrange these conferences. AMCs are usually conducted by telephone, but may sometimes be held in-person. During a conference the parties are required to discuss and clarify what is really at issue in an appeal. The parties may be ordered to produce documents and reports to each other.

Depending on complexity of the appeal, several AMCs may be held. If a party fails to comply with a Board order, the Board may sanction the party by requiring

them to pay costs, or in extreme cases, by dismissing the appeal.

Recommendations and Withdrawals

Often appeal management is a catalyst for further discussions between the parties. Sometimes an appellant will decide to withdraw the appeal. In other cases, the parties may submit a recommendation to the Board to change the assessment roll. The Board reviews the reasons for the proposed change. If it is satisfied the proposed change will ensure accuracy of the roll, the Board will issue an order to change the assessment, without a hearing being required.

Settlements

Parties may be required to attend a settlement conference, conducted by a Vice Chair. Even if a settlement is not achieved on all matters in dispute, the issues are often narrowed and a subsequent hearing will typically take less time.

Pre-Hearing Steps

If the appeal cannot be resolved, the focus of appeal management shifts to ensuring the parties are properly prepared for hearing and the hearing proceeds as efficient as possible. To achieve this, the Board may make a number of different orders, such as the preparation of statements of agreed facts. The Board may also order that appeals with common issues, similar properties or related owners be heard together.

Due to the volume of appeals and to ensure proper notice to the parties, hearings are scheduled several weeks or months in advance. In the interim, recommendations or withdrawals may still be submitted, and if accepted, the hearing will be cancelled.

Natural Justice and the Board

As a quasi-judicial tribunal, the Board must apply the rules of natural justice and procedural fairness. Parties are entitled to know each other's case and to be heard on the issues, and the decision must be made by an impartial panel. To meet these requirements, the Board has enacted Rules of Practice and Procedure. The Board has a duty to act fairly in applying the rules, and in conducting appeal hearings.

While appeal management will usually address these issues prior to the hearing, in a few limited cases, a hearing may have to be adjourned, to ensure all parties' rights are properly addressed. While this may conflict with the Board's objective to resolve appeals in a timely manner, the duty to be fair must be given the highest priority.

At the Hearing

The Board usually follows standard procedures, which are similar to, but less formal than, court procedures. Information sheets on the hearing procedures are made available in advance of the hearings, so the parties can properly prepare. The parties do not have to have a lawyer to represent them.

The Board is not required to apply the strict rules of evidence that a court uses. The Board may accept any evidence it thinks would be of assistance. Appeal management assists in ensuring the parties disclose evidence in advance of the hearing to avoid surprises at the hearing.

The Board may conduct hearings in person, by telephone or on the basis of written submissions. In person hearings vary in length from a few hours to several days. Depending on the nature and complexity of an appeal, the hearing may be conducted by a single Board member or a panel of two to three members.

Issuing Decisions

After the hearing, the Board issues a written order, detailing the decision and reasons. The Board must consider and weigh the evidence admitted at the hearing. While not bound by its earlier decisions on an issue, the Board aims for consistency, or to explain any reason for an apparent inconsistency with an earlier decision. The Board must also consider any direction the courts have given in previous cases about how to interpret and apply the *Assessment Act* and Regulations.

Due to the volume of appeals and complexity of some hearings, it may take some time for the decision to be issued. All parties are sent a copy of the decision, and if a change is ordered, the Assessor must amend the assessment roll.

Appeals from the Board

The Board's decision on factual matters is final, and there is no right of appeal. A person affected by a decision of the Board may, however, appeal on a question of law to the B.C. Supreme Court.

Appeals may be filed because a party believes the Board was wrong in its decision, or the legislation or case law on the issue is unclear, or the party is dissatisfied with the current state of the law.

Appeals must be started within 21 days of receipt of the Board's decision. The Board is required to prepare and file the appeal (called a stated case) with the Court within a further 21 days.

A party may appeal the decision of the Supreme Court to the B.C. Court of Appeal, with permission (leave) of that court.

APPENDIX 4

Glossary of Terms

Appeal Management Conference (AMC)

The main purpose of an AMC is to review the appeal steps and identify and resolve as many appeal issues as possible. Most AMCs are conducted by telephone. The parties discuss the issues and the Board can make a variety of orders, such as the disclosure of documents. If resolution does not appear likely, the appeal is usually scheduled for a hearing. Some complex appeals may have several AMCs before the appeal is heard.

Decision in Progress

This term is used in the statistical appendices. It includes appeals that have had a hearing and the Board is in the process of preparing a written decision. It also includes appeals which the Board is in the process of issuing an order on a dismissal, withdrawal or recommendation (to change the assessment).

Desk Order

Is a written order of the Board that completes an appeal without the need for a hearing. A desk order is usually issued when the parties have agreed to withdraw the appeal or agreed to a recommendation to change the assessment. A desk order is also issued when the Board dismisses an appeal for reasons including the validity or deficiency of an appeal.

Invalid/Dismissed Order

Is a written order of the Board that is issued when the appeal is determined to be invalid or is dismissed for non-compliance to Board orders. When appeals are received, the Registrar examines whether or not an appeal meets the criteria required by the Assessment Act. If requested by a party, the Board will review the Registrar's opinion. If the Board determines the appeal is invalid, it will issue an order dismissing the appeal.

Pending Court/Board Decision

This term is used in the statistical appendices. It includes appeals which are being held, pending action on other appeals before the courts or the Board. Usually this occurs when the appeal issues are very similar and it is more appropriate to hold the appeal until the court or Board makes a decision on the other appeal.

Protective Appeals

This term is used in the statistical appendices. Given that the assessment roll is issued on an annual basis, if there is a disagreement with an assessment, an appeal must be filed with the Board each year. When there is an outstanding appeal from a prior year, an appeal filed in the subsequent year is referred to as "protective." Resolution of the prior year's appeal generally results in resolution of the protective appeal.

Recommendation

When the parties mutually agree to change an assessment, they submit a joint "Recommendation" to the Board. The Board reviews the recommendation, and, if appropriate, issues an order requiring BC Assessment to implement the changes.

Roll Number

The distinctive number assigned to each entry on the assessment roll. Generally every property has a roll number and receives an individual assessment. More than one property may be assigned one roll number, where the properties comprise a single entity. In some cases a property can have more than one roll number.

Settlement Conference

The purpose of a Settlement Conference is to reach mutual agreement on all or some of the appeal issues. The Board facilitates this Conference using alternative dispute resolution techniques and discussions are held without prejudice to the position which may be taken if the appeal proceeds to a hearing.

Withdrawal

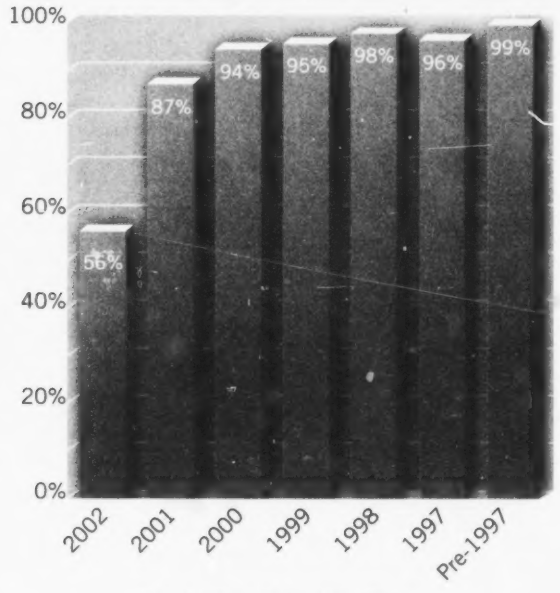
An appellant may apply to the Board to withdraw their appeal before the hearing. If approved, the Board will issue a desk order permitting the withdrawal and closing the appeal.

APPENDIX 5

2002 Appeal Completion Results Compared to Results for 2001

Period	Appeals at Beginning of Period	Appeals at December 31	Appeals Completed Within Period	% Completed in Period
2002				
New Appeals	1,142	502	640	56%
Prior Year Appeals	772	374	398	52%
Year 2002 Total	1,914	876	1,038	54%
2001				
New Appeals	1,071	397	674	63%
Prior Year Appeals	748	375	373	50%
Year 2001 Total	1,819	772	1,047	58%

Total Percentage of Completed Appeals by the Year of Original Filing

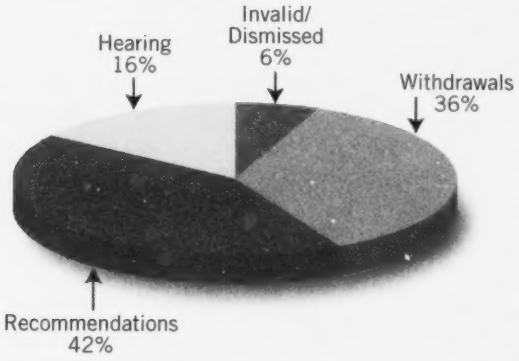


APPENDIX 6

Completion Results by Appeal Year

Year filed	Appeals at Beginning of Year	Method of Completion				Total Completed	Appeals Outstanding at Dec 31/02
		Invalid/ Dismissed	Withdrawals	Recom-mendations	Decisions after a hearing		
2002	1,142	51	226	269	94	640	502
2001	397	11	82	108	57	258	139
2000	129	1	37	37	8	83	46
1999	61	1	6	10	0	17	44
1998	51	0	7	6	1	14	37
1997	49	0	5	3	1	9	40
Pre-1997	85	0	12	4	1	17	68
Total	1,914	64	375	437	162	1,038	876

Method of Completion of Appeals in 2002



APPENDIX 7

Board Activities in 2002 Compared to Prior Years

	Results in Year:				
Board Activity	2002	2001	2000	1999	1998
Overall Appeal Caseload					
New Appeals Registered	1,142	1,071	820	969	1,555
Prior Year Appeals (beginning of year)	772	748	719	1,183	1,648
Total Appeals	1,914	1,819	1,539	2,152	3,203
Appeal Management Conferences (AMCs)					
# of AMCs Conducted	584	754	559	499	285
# of Appeals Involved	1,050	1,316	960	1,050	901
Settlement Conferences Held					
	29	29	22	25	N/A
Hearing Statistics					
# of Hearings	139	113	143	228	272
# of Hearing Days	173	157	121	160	176
Single Member Panel (SMP) Statistics					
Total SMP Hearing Days	147	85	64	100	44
As a % of Hearing Days	85.0%	54.1%	52.9%	62.5%	25.0%
Appeal Completion Method					
By Withdrawals/Invalid Orders	439	541	345	630	1,077*
By Recommendations	437	390	337	568	544
By Decisions After a Hearing	162	116	109	235	391
Appeals Completed					
	1,038	1,047	791	1,433	2,012

Note:

* This reflects an usual situation where one agent filed and then abandoned over 300 appeals.

APPENDIX 8

Summary of Outstanding Appeals at December 31, 2002, Compared to December 31, 2001

	Outstanding Appeals						
	Total	2002 Appeals			Prior Year Appeals[1]		
Appeal Status	Dec 31/02	Dec 31/02	Apr 30/02[2]	Inc./(Decr.)	Dec 31/02	Dec 31/01	Inc./(Decr.)
Appeal Management in Progress	602	384	1,142	(66.4%)	218	453	(51.9%)
Protective (previous year o/s for same property)[3]	174	69	N/A	N/A	105	173	(39.3%)
Scheduled for Hearing	57	31	0	N/A	26	37	(29.7%)
Validity/Deficiency Issue	0	0	0	N/A	0	1	0.0%
Pending Court/Board Decision	160	35	0	N/A	125	258	(51.6%)
Decision in Progress	57	52	0	N/A	5	23	(78.3%)
Total Outstanding Appeals	876	502	1,142	(56.0%)	374	772	(51.6%)
Value of O/S Appeals ($millions)	$14,395	$6,472	$9,096	(28.8%)	$7,923	$12,884	(38.5%)
Value of Pending Court/Board Decision Appeals ($millions)	$5,491	$1,105	$1,164	(5.1%)	$4,386	$5,504	(20.3%)
Value of Active Appeals ($millions)	$8,904	$5,367	$7,932	(32.3%)	$3,537	$7,380	(52.1%)

Notes:

1. Includes all outstanding appeals to the Board from the 2001 and earlier rolls.
2. April 30, 2002 was the filing deadline for the 2002 appeals.
3. These figures are included in Appeal Management in Progress.

APPENDIX 9

Outstanding Appeals and Value, by Region

Region		Dec. 31/02	Dec. 31/01	% Incr./(Decr.)
Vancouver	Appeals Outstanding	149	148	1%
(Area 09)	Assessed Value ($ millions)	$5,185	$4,653	11%
Lower Mainland	Appeals Outstanding	225	202	11%
(Areas 08, 10, 11, 12, 14, 15)	Assessed Value ($ millions)	$3,321	$2,443	36%
Vancouver Island	Appeals Outstanding	240	237	1%
(Areas 01, 04, 05, 06)	Assessed Value ($ millions)	$2,150	$2,352	(9%)
Interior and Northern	Appeals Outstanding	261	185	41%
(Areas 16 to 27)	Assessed Value ($ millions)	$3,740	$3,436	9%
Total - All Regions	Appeals Outstanding	875	772	13%
	Assessed Value ($ millions)	$14,396	$12,884	12%

APPENDIX 10

Outstanding Properties By Appeal Year and Classification at December 31, 2002

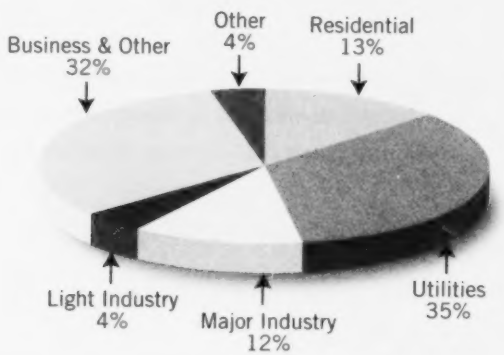
The following shows the breakdown of outstanding properties by classification and assessment year. The statistics are based on the number of rolls (rather than the number of appeals) because an appeal can involve several rolls, which may have different classifications.

Classification	Outstanding Roll Numbers										Total Assessed Value ($millions)
	2002		2001		2000		1999		Pre-1999	Total	
	#	% [1]	#	%	#	%	#	%	#	All Years	
Residential	253	33%	91	16%	62	7%	77	8%	315	798	$382.9
Utilities	748	99%	473	80%	165	49%	136	39%	562	2,084	$2,224.6
Unmanaged Forest	0	0%	0	0%	0	0%	0	0%	4	4	$0.2
Major Industry	149	84%	126	53%	101	54%	93	56%	275	744	$3,093.0
Light Industry	71	57%	28	24%	34	22%	19	11%	116	268	$413.4
Business & Other	1,436	47%	355	14%	98	11%	24	2%	60	1,973	$8,065.1
Managed Forest	21	95%	17	46%	7	41%	13	3%	65	123	$43.3
Recreational/ Non-profit	101	83%	13	28%	0	0%	0	0%	0	114	$173.1
Farm	0	0%	0	0%	0	0%	0	0%	3	3	$0.1
Total for all classifications	2,779	55%	1,103	27%	467	19%	362	12%	1,400	6,111	$14,396

Notes:

1. The number of outstanding roll numbers as a percentage of the total number filed for the appeal year.

The Number of Outstanding Properties



"Other" includes all those classifications not individually shown.

APPENDIX 11

Analysis of Expenditures
Breakdown of Expenditures by Calendar Year ($000's)

Calendar Year[1] (Jan. 1 to Dec. 31)	Salaries & Benefits[2]	Members Fees	Travel Expenses	Hearing Facilities	Office Supplies	Occupancy Expenses[3]	Systems & Telecom.	Training Expenses	Misc. Expenses	Total Expenditures
2002	$670.6	$118.7	$48.2	$12.6	$30.5	$92.4	$86.4	$11.7	$10.1	$1,081.2
2001	$707.5	$81.7	$56.1	$8.8	$25.2	$76.3	$104.2	$9.3	$9.7	$1,078.8
2000	$695.8	$89.8	$48.0	$6.2	$44.6	$95.0	$111.6	$7.8	$14.5	$1,113.3
1999	$870.9	$235.1	$75.8	$9.3	$28.9	$99.9	$79.2	$8.4	$15.2	$1,422.8
1998	$650.2	$567.4	$119.3	$9.5	$53.1	$148.2	N/A	N/A	$7.6	$1,555.3
1997	$367.1	$728.8	$107.6	$6.2	$45.7	$81.0	N/A	N/A	$53.6	$1,390.0

Expenditures per Completed Appeal ($000's)

Year and (# of completed appeals[4])		Direct Costs[5]	Indirect Costs[6]	Total Costs
2002	(1,038)	$0.819	$0.223	$1.042
2001	(1,047)	$0.816	$0.215	$1.030
2000	(791)	$1.062	$0.346	$1.407
1999	(1,433)	$0.831	$0.162	$0.993
1998	(2,012)	$0.669	$0.104	$0.773
1997	(1,236)	$0.979	$0.146	$1.125

Notes:

1. For comparability amortization and capital expenditures have not been included in these figures.
2. Includes contracts for recording secretaries for hearings.
3. Occupation Expenses for 1998 and 1999 included expenditures for telecommunications, computer systems maintenance and minor furniture and equipment purchases.
4. Completed Appeals include decisions and desk orders and the number completed is listed in brackets following the calendar year.
5. Direct costs includes Salaries & Benefits, Members' Per Diems, Travel Expenses and Hearing Facilities costs, listed in the table above.
6. Indirect Costs includes Office Supplies, Occupancy Expenses, Systems and Telecommunications, Training Expenses and Miscellaneous Expenses, listed in the table above.

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